

THE
CLEVELAND
FOUNDATION
A COMMUNITY TRUST



THE CLEVELAND TRUST CO.
TRUSTEE

THE CLEVELAND FOUNDATION

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The Cleveland Trust Company
Cleveland, Ohio

INTRODUCTION

¶ The Cleveland Foundation is a Community Trust. It is a new idea for the conservation of wealth and for the efficient utilization of the proceeds of wealth. It offers advantages to all who desire to make bequests for educational and charitable purposes, and especially to the following:

A NEW IDEA

1. Possessors of wealth, who have no direct heirs.
2. Possessors of wealth, who, after providing for children and relatives, have a surplus to dispose of.
3. Possessors of wealth, who, after caring for children and relatives out of income, desire to have the principal used for the good of mankind.

¶ Nothing is more erroneous than the popular opinion that in order to be benevolent one has to be a millionaire.

¶ While it is true that educational and charitable needs are always greater than the means of supplying them, it is also true that many donations are withheld because they are either deemed insignificant, or it is impossible or inconvenient to place the funds under such control as will meet the wishes of the donor.

IMPEDIMENTS
TO CHARITABLE
GIVING

¶ It is the average sized fortune—the fortune that represents the accumulations of the fairly successful life—that is frequently available, in whole or in part, for broad charitable purposes, and which is often diverted into unchosen channels through insecure trusteeships, temporary administrations, or unwise bequests.

LOSSES WHERE
CONSERVATION
MOST NEEDED

¶ To receive and to safeguard donations in trust under supervisions and regulations imposed by state legislation; to employ the principal or income, or both, for educational and charitable purposes in a broader and more useful manner in future years than it is now possible to anticipate; to provide for specific needs stipulated by the donor; to insure the perpetuity of principal when that is desired; to lessen preventable errors of judgment in the disposal of principal and income; to guard against unwise use of income and principal by beneficiaries; and by a union of available funds to promote the civic, moral and mental welfare of the people of Cleveland in the widest, wisest, most economical and most efficient manner—these are the aims of the Cleveland Foundation.

AIMS OF
CLEVELAND
FOUNDATION

¶ The funds are to be in charge of The Cleveland Trust Company, while the income, after it becomes available for the purposes of the

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CUSTODY OF FUNDS AND INCOME

Foundation, is to be expended by an impartial, non-sectarian, non-political committee, serving without compensation. No two members may be of the same religious denomination. The personnel changes by one member each year. It will be composed of residents of the City of Cleveland, men or women, who are informed concerning the educational, social, civic and charitable needs of the City of Cleveland.

¶ The Cleveland Foundation gives a new significance to the ownership of wealth. Instead of diverting ownership, it perpetuates it, and at the same time guarantees proper custody, proper management, and proper use of income. It makes the accumulation of wealth respectable by insuring the usefulness of that wealth. It makes it honorable for a man to build up a fortune in the community, because it provides the means for the return of that fortune as a whole, or in part, for the permanent service of the community. It eliminates the stigma of selfishness that too often goes with the accumulation of money, by providing a means of bestowing some or all of it for the ultimate good of the community.

A NEW SIGNIFICANCE TO WEALTH

MAKES ACCUMULATING RESPECTABLE

¶ Bequests and gifts, large and small, are solicited from those who are in sympathy with the idea of a Community Trust, and who desire the assurance that their bequests for educational and charitable purposes will be permanently under the control of men of wide experience and sound judgment, and that the income, and, under certain conditions a portion of the principal, will be available for the vital needs of the hour.

THE APPEAL

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Form of Bequest

¶ If your will or trust agreement provides for payment of income to family and relatives during life, the insertion of the following will result in a contribution to the Cleveland Foundation with the same effect as if the entire plan were incorporated:

¶ "Upon the termination of the trusts hereinbefore expressed, I direct that the entire net income derived from the trust estate, with its accumulations as aforesaid, shall be annually expended or appropriated, perpetually, until the principal may have been disbursed, for the charitable uses and purposes set forth in a Resolution adopted by the Board of Directors of The Cleveland Trust Company on the second day of January, 1914, providing for a community charitable trust, designated in said Resolution as THE CLEVELAND FOUNDATION. I further direct that the trust estate, both principal and income, shall thereafter vest in The Cleveland Trust Company and be managed, controlled, administered and disbursed in all respects as provided in said Resolution, reference to which is hereby made, as fully and with like effect as if herein set forth at length."

No Charge for Legal Services

¶ The officers of The Cleveland Trust Company will be pleased to give any additional information desired with respect to the plan and to advise those interested how to become contributors. The services of its attorneys will be furnished without expense in the preparation of wills or trust agreements which provide for contributions to the Foundation.

Scope and Purpose of the Foundation

THE INDIVIDUAL PROBLEM ¶ Whether or not Mr. Carnegie is right in thinking that it is a disgrace to die rich, thoughtful people will agree that it is a disgrace for men or women possessed of property to die without having given serious consideration as to how they can dispose of it so as to accomplish the most good and do the least harm. The wisest disposition of necessity presents a problem for the solution of each individual and depends upon the varying circumstances of each case.

¶ Many deem it imprudent to burden wives or daughters lacking experience in business affairs with the responsibility of managing property. They fear to make them the prey of the fortune hunter or the cunning and unscrupulous adventurer and promoter or the well-meaning but incompetent friend. They are solicitous that the inheritance left them shall provide for their reasonable needs through life, that it shall not be consumed in ostentatious living nor lost through hazardous investments.

PROTECTION OF CHILDREN ¶ Thoughtful men believe it makes for the development of better manhood and womanhood to provide for their children in ways that will create ambition, stimulate thrift and effort, prevent speculation, extravagance and waste, make possible the exercise of some restraining influence should they become wayward and tempted to lead idle and useless lives, and last, but not least, to make it impossible, should they become financially involved, for their creditors or the creditors of their wives or husbands to make away with their inheritance.

WEALTH CAN MAKE OR BREAK ¶ Many parents are more concerned to secure a certainty of comforts for their children to the end of their days than to make possible their living lives of ease and luxury with the chance that they may be reduced to want and become dependents in old age. Parental instinct and affection compel us to afford our children every opportunity and advantage within the limit of our means which will make for useful and respected citizenship, but forbid bequeathing to those of immature years or unsettled habits property that may work their destruction, for wealth has power to make and to destroy.

¶ A disposition of property affording the protection and safeguards indicated necessitates the employment of a trustee, and will often result in some portion or all of the principal being available for other uses after wife, children and grandchildren have been cared for.

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¶ It has been my ambition to find a way in which the Trust Companies of this country can be helpful in gathering up and making useful this residuum—this wealth that is left over and so often goes to waste. **RESIDUAL WEALTH**

¶ Men of large wealth like Mr. Rockefeller and Mr. Altman, have created private foundations to administer a portion of their surplus for the benefit of mankind. People of limited means share with men of wealth the desire that the world may be better for their having lived. They often feel a deepening sense of regret as the shadows lengthen, that the effort to work their way up stream and to accumulate has too fully consumed their energies; that the struggle has been too much for self and family and too little for mankind. They would welcome finding a way in which the residuum of their estate, whether it be large or small, might be wisely used in helping to make better, stronger, purer men and women. Unable to determine what the needs of the future will be, when funds from their estate might be available for such use, and precluded because of the expense from making use of a privately owned foundation with its self-perpetuating Board of Trustees, their purpose can only be accomplished through a corporate trusteeship willing to serve all alike who are desirous of having such use made of their surplus wealth. **CORPORATE TRUSTEESHIP**

¶ Confident that there are many who would welcome an opportunity of trusteeing the residuum of their estate to be used in furtherance of educational and social welfare work in this city, some months ago I recommended to the Board of Directors of The Cleveland Trust Company that by the adoption of a proper resolution definitely establishing the purposes, powers and duties, they authorize the acceptance of charitable trusts, large or small, created for the benefit of the inhabitants of the City of Cleveland, the individual trusts together to constitute a Community Trust to be known as THE CLEVELAND FOUNDATION. I am pleased to announce that after having given the matter careful consideration and after having taken the opinion of many interested in welfare work, the Directors of our company have adopted the following resolution authorizing the acceptance of such trusts. **A COMMUNITY TRUST**

F. H. GOFF

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Resolution Creating the Foundation

Adopted by the Board of Directors of The Cleveland Trust Company, January 2nd, 1914

¶ With a view to securing greater uniformity of purpose, powers and duties of administration in the management and control of property given, devised and bequeathed for charitable purposes, the Board of Directors of The Cleveland Trust Company agrees to accept of such gifts, devises and bequests as Trustee for the uses, purposes and with the powers and duties hereinafter set forth, all property so held to be known as constituting **THE CLEVELAND FOUNDATION**, and to be administered, managed and dealt with, save as hereinafter provided, as a single trust. From the time the donor or testator provides that income shall be available for use of such Foundation, such income less proper charges and expenses, shall be annually devoted perpetually to charitable purposes, unless principal is distributed as hereinafter provided. Without limiting in any way the charitable purposes for which such income may be used, it shall be available for assisting charitable and educational institutions whether supported by private donations or public taxation, for promoting education, scientific research, for care of the sick,

OBJECTS

aged or helpless, to improve living conditions or to provide recreation for all classes, and for such other charitable purposes as will best make for the mental, moral and physical improvement of the inhabitants of the City of Cleveland as now or hereafter constituted, regardless of race, color or creed, according to the discretion

BREADTH

of a majority in number of a committee to be constituted as hereinafter provided, or in event of the failure of two of the public officials empowered to appoint members upon the committee, to make such appointments within thirty days from the time they are requested in writing by the Trustee to do so, or in event of the unwillingness, failure or inability of a majority of the members to serve if appointed, or of the power to disburse income by said committee being adjudged by a court of last resort to be illegal, then according to the unfettered discretion of a majority of the members of the Board of Directors of The Cleveland Trust Company, such committee, or the directors of The Cleveland Trust Company in event the power shall lodge in them, to use or distribute the net income when and as above provided, in such manner as

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will best accomplish the purpose expressed, according to their absolute discretion; provided that, if contributors to the Foundation, in the instruments creating their trusts, indicate their desire: **OPTIONS OF DONOR**

1. As to time when and purposes for which principal contributed by them shall be distributed;
2. As to purposes for which their income shall be used, either for a definite or indefinite period of time;
3. That the power to distribute principal or income shall be vested in the Committee constituted as hereinafter provided, with the exception only that the member provided to be selected by the Judge of the United States District Court shall be appointed by the Board of Directors of The Cleveland Trust Company;

The Trustee shall respect and be governed by the wishes as so expressed, but only in so far as the purposes indicated shall seem to the Trustee, under conditions as they may hereafter exist, wise and most widely beneficial, absolute discretion being vested in a majority of the then members of the Board of Directors of The Cleveland Trust Company to determine with respect thereto. Principal or interest diverted under this power to other than the specific purposes indicated shall be used and distributed for the general purpose of the Foundation.

¶ The committee to distribute said income shall be residents of Cleveland, men or women interested in welfare work, possessing a knowledge of the civic, educational, physical and moral needs of the community, preferably but one, and in no event to exceed **THE COMMITTEE** two members of said committee to belong to the same religious sect or denomination; those holding or seeking political office to be disqualified from serving. Said committee shall be selected as follows:

¶ Two by the directors of The Cleveland Trust Company, preferably to be designated from their own number.

¶ One by the Mayor or chief executive officer of the City of Cleveland.

¶ One by the senior or presiding Judge of the Court for the time being having jurisdiction of the settlement of estates in Cuyahoga County.

¶ One by the senior or presiding Judge of the United States District Court for the Northern District of Ohio, or of the Court that may hereafter exercise the jurisdiction of said Court in Cuyahoga County.

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¶ In event of any question arising as to the official herein authorized to make said appointments, the decision of the Board of Directors of The Cleveland Trust Company shall be final and conclusive with respect thereto; all appointments to be for a term of five years, except the appointments first made, which shall be as follows:

TERM OF OFFICE

- One member by the Board of Directors of The Cleveland Trust Company for.....One Year
- One member by the Judge of the United States District Court for the Northern District of Ohio forTwo Years
- One member by the Judge of the Probate Court of Cuyahoga County for.....Three Years
- One member by the Mayor of the City of Cleveland forFour Years
- One member by the Board of Directors of The Cleveland Trust Company for.....Five Years

¶ Vacancies by expiration, death, resignation or refusal to serve to be filled for the unexpired term by authority making original appointment, in event of the failure for thirty days after receipt of written notice from the Trustee so to do, then by the Directors of The Cleveland Trust Company; the expenses of the committee, including compensation to be fixed by the Trustee to a secretary, who shall be appointed by and hold office subject to the will of the Trustee, shall be paid out of the income, but the members shall serve without compensation. They shall annually organize by the election of a chairman and shall keep complete records of their proceedings, receipts and disbursements, copies of which shall be filed with the Trustee on or before the 20th day of January in each year; disbursements shall be made by the Trustee on the written orders of a majority of the committee given at regularly called meetings. Failure of the committee for twelve months to file disbursement orders with the Trustee shall empower the Board of Directors of The Cleveland Trust Company to disburse income then available for distribution.

¶ After the entire income of any trust constituting the Foundation is available for charitable purposes, all or any portion of the property belonging to such trust may be listed for taxation, regardless of any statute exempting all or any part thereof by reason of its application to charitable purposes, if a majority of the Board of Directors of The Cleveland Trust Company shall so direct. The receipts and disbursements of the committee as well as of

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the Trustee shall be annually audited by an independent Auditor, and there shall be published annually in the two newspapers published in the City of Cleveland reputed to have the largest circulation therein, a certified statement by such Auditor showing in detail the investments held in each separate trust constituting the Foundation, the amount of income received during the preceding year, the purpose for which the income has been used, and a classified statement of the expenses of the committee and the Trustee. Failure to make such publication shall authorize any court of competent jurisdiction to appoint another trustee in event the court shall find that neglect to make such publication is due to gross carelessness or willful neglect of the Trustee.

¶ Successor trustees, however, or for whatever reason appointed or created, shall have all powers and discretions and be charged with like duties in all respects as herein conferred upon The Cleveland Trust Company.

¶ With the approval of two-thirds of the entire Board of Directors, of The Cleveland Trust Company, given at a meeting called specifically for that purpose, all or any part of the principal constituting the trust estate may be used for any purpose within the scope of the Foundation, which may have the approval of four members of said committee, providing that not to exceed twenty (20) per cent of the entire amount held as principal shall be disbursed during a period of five consecutive years. In event a court of last resort shall ever adjudge that the provisions requiring the approval of said committee to disbursement of principal, or that the power conferred on said committee to disburse income is invalid, the power to distribute principal and income shall be vested exclusively in the Board of Directors of The Cleveland Trust Company, and thereafter said committee shall act in an advisory capacity only.

¶ To further assure the carrying out of the purposes of the Foundation, each and every of its provisions are to be regarded and construed as independent of every other provision. In event a court of last resort shall adjudge that any of the terms, conditions or provisions of the Foundation are invalid, such adjudication shall in no wise affect the validity of the remaining provisions, and the Directors of The Cleveland Trust Company, by a two-thirds vote of the entire Board at a meeting called specially for that purpose, are empowered to direct that the administration of the trust be proceeded with in such manner as will most nearly conform in their judgment to the charitable intention and pur-

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poses of the Foundation, due consideration being given to changed conditions and varying circumstances.

¶ Either the attorney-general of the State of Ohio, or the law officer of the City of Cleveland, shall have the right to institute appropriate proceedings in any court of competent jurisdiction to restrain, correct or recover for any mal-administration of the trust estate by Trustee or the Committee, and shall at all reasonable times have the right to inspect the books, vouchers and records of the Trustee and the Committee in any way pertaining to the Foundation.

PUBLIC SUPERVISION

¶ In administering the property constituting such Foundation, unless otherwise specifically provided in the instrument creating the trust, the Trustee shall have power to sell, lease, transfer or exchange all or any part of said property at such prices and upon such terms and conditions and in such manner as it may deem best; to execute and deliver any proxies, powers of attorney or agreements that it may deem necessary or proper; to invest and re-invest in such loans, securities or real estate as it may deem suitable for the investment of trust funds, irrespective of any statutes or rules or practices of Chancery Courts now or hereafter in force limiting the investments of trust companies or trustees generally; to determine whether money or property coming into its possession shall be treated as principal or income and charge or apportion any expenses or losses to principal or income according as it may deem just and equitable; to select and employ in and about the execution of the trust, suitable agents and attorneys and to pay their reasonable compensation and expenses; the Trustee in no event to be held liable for any neglect, omission or wrongdoing of such agents or attorneys, provided reasonable care shall have been exercised in their selection. The Trustee, save for its own gross neglect or willful default, shall not be liable for any loss or damage.

POWERS OF TRUSTEE

Extracts from Editorial Comment

¶ The establishment of the Cleveland Foundation, which became effective by action of the directors of The Cleveland Trust Company yesterday, is one of the finest bits of community building in the recent history of the city.

CLEVELAND PLAIN DEALER JANUARY 3, 1914

¶ Here is provided in due legal form a ready means by which men and women of wealth, after providing for dependents, children and relatives, may be assured that the residuum of their estates will go to the upbuild-

ing of Cleveland. An essentially democratic use of the fund is guaranteed by the fact that a majority of the committee empowered to spend its income is appointed by the federal judge, the mayor and the probate judge, men upon whom the changing currents of public sentiment have full play.

¶ It is an excellent undertaking. It has power to contribute largely to the future welfare of Cleveland.

¶ Of itself the action of the bank will, of course, accomplish nothing; it merely furnishes a medium. It remains for captains of wealth and sympathizers with the Foundation idea to utilize the organization to express their community patriotism.

¶ In the years to come, after the present and perhaps succeeding generations have passed from the stage of earthly activity, the fund thus broadly provided for should continue to minister to the varying charitable, educational and philanthropic needs of the community where the money itself was accumulated. The possibilities for service thus opened up are alluring. The plan is a product of the long look ahead.

¶ The Cleveland Foundation embodies the inspiring vision of a Cleveland in which the common good shall come next after the real needs of individual heirs, in the thoughts of those who have fortunes to dispose of. It gives form and substance to dreams of a city of such ideals that honor will lie in community work for money left behind at death and the extreme piling up of wealth for individuals to hoard or abuse will be thought unworthy of good citizens. It is a movement for wider, more efficient brotherhood and less personal waste and excess.

¶ Those who give to that efficient and adaptable instrumentality for good can rest assured that their desire to help and benefit their fellow citizens will always be made as fruitful as possible by the best intelligence and the most sensitive civic conscience of the years to come.

¶ The whole plan is based upon the belief that many Cleveland men and women will be glad to return to the community some share of their gains, and that many parents will feel that it is wiser and better in every way not to overload their children with great wealth and its dangers, but rather to give them as a part of their inheritance a share in the welfare work of a broad and enduring organization for charity, in the widest possible sense, and for uncounted forms of public beneficence.

CLEVELAND
LEADER
JANUARY 3, 1914

¶ With great force a giant of industry or commerce builds up a big fortune. The exercise of doing it gives him strength to handle it. But when he dies the fortune usually passes to weak children—the weaker for having had too much money when young—and they proceed to waste it or have it taken from them.

CLEVELAND
PRESS

JANUARY 2, 1914

¶ Much of it, so to speak, goes into the sewer. That is to say, it is spent in dissipation or fool speculation or flaunted in extravagant selfishness—all to the detriment of both the heirs and the community.

¶ What a sorry monument for a strong man to leave behind him!

¶ It is almost as unwise for the man of wealth to endow a charity. He doesn't know how soon the charity may become obsolete and his money serve only to pension useless hangerson. His dead hand tries to guide the future, and that is something which no dead hand can do.

¶ It looks as if F. H. Goff, with his community trust idea, has scored a bullseye. Under it, the surplus money, instead of draining into the sewer, runs into a safe catch-basin and is made available for public purposes, with representatives of the public having a continuously freshened say as to how it is to be used.

¶ Obviously that is better than having it spoil heirs or galvanize dead or dying charities or pile up power in the hands of entrenched trustees suffering from fatty degeneration of the soul.

¶ It means that the money gathered in Cleveland by a few will be in a little while gotten back into the public service of Cleveland.

¶ It means that the children of Cleveland's rich may be saved from the hospital or the gutter.

¶ It means a continuous education of the wealthy in their public obligation.

¶ Only men like Mr. Goff, who are engaged in the business of administering estates as trustees, can realize the doubts, the fears and the difficulties faced by the man of wealth when he comes to the drawing up of his will or reaches the decision that he will attempt to do something with his money to benefit his fellow human beings.

CLEVELAND
NEWS

JANUARY 5, 1914

¶ It is not generally conceded that rich men are troubled by these considerations, yet in nine cases out of ten they are. They wish to do the best they can for their children. But nobody knows better than the millionaire who has accumulated his wealth by his own efforts, that inordinate riches left to a child whose character is as yet unformed or whose moral strength has never been put to the test may be the worst fate that could befall him.

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¶ And the usual outlet for generous benefactions which are sure to do good instead of harm—libraries, art galleries, colleges and philanthropic institutions—do not appeal strongly to some of the rich men who have fought their way up from the bottom of the human heap. They want the money they have accumulated to help directly and in a big way the heavily handicapped people who form the “submerged tenth” of the population.

¶ The Cleveland Foundation will enable the rich man to do this. That is what it is for. Those who best know the character of Cleveland’s men of wealth can not fail to be convinced that the Foundation, in 25 years, will have at its disposal \$50,000,000 or more.

Date.....

I shall be pleased to { confer with you
have you write me } regarding The
Cleveland Foundation.

Name

NumberStreet.

CityState



3 0112 098224709

